Trend #1: Energy Storage and Development of All Energy Sources, Dominated by Natural Gas, Nuclear, & Geothermal, Will Be a Priority as the U.S. Has Taken Energy Accessibility and Affordability for Granted

Energy security and expansion have been major priorities in 2025, driven by the President, geopolitical tensions, and rising U.S. energy demand. The rapid expansion of AI, cloud computing, hyperscale data centers, and their various required infrastructure has fundamentally changed the U.S. energy demand outlook, including how reliability, affordability, and grid capacity have been assumed rather than actively upgraded and safeguarded.

Data centers require massive amounts of continuous, high-quality power. Facility placement in rural areas or heavily concentrated in specific regions has strained local grids, driving up prices, and increasing the risk of congestion and outages. It is expected that global electricity demand from data centers is to more than double, potentially reaching 945 TWh by 2030.[1] With such demand, the total spending in global investment for electricity, generation, grids, and storage reach a record-breaking $3.3 trillion in 2025.[2] This exponential growth has initiated a scramble to address the current situation of AI models growing larger, faster, and more energy-intensive than companies, cities, utilities, and regulators had anticipated.

The shift has forced policymakers, utilities, and corporate energy buyers to confront the reality that energy abundance is no longer guaranteed. A clear gap exists between current and planned infrastructure compared to what AI, EVs, and electrified industry will require in the coming years to fulfill project commitments and drive the technological "arms" race.[3] In 2026, the narrative will increasingly focus on resilience, scale, and adaptation resulting in an emphasis on energy systems and energy storage, which can assist the delivery of strong, reliable power.

Energy storage addresses both reliability and flexibility challenges created by rising demand and renewable intermittency. Broadly, storage allows utilities to smooth peak demand, defer costly grid upgrades, and better integrate all sources of energy generation without sacrificing reliability. Battery storage, long-duration storage, and hybrid systems are becoming essential tools for stabilizing grids that face volatile loads and intense consumption peaks. As AI-driven demand grows less predictably, storage is needed to provide a buffer that reduces exposure to price spikes and blackouts. Federal incentives, state-level mandates, and corporate procurement strategies are accelerating deployment, shifting the perception of energy storage from a supporting technology to a core infrastructure for the modern grid with an emphasis on the main key sources of reliable power: natural gas, nuclear, and geothermal.

Natural gas is positioned to play a dominant role in meeting near-term power needs due to its accessibility, scalability, dispatchability, and embedded infrastructure in U.S. energy. While renewables continue to expand, gas-fired generation remains one of the fastest ways to add reliable capacity to support rapid data center growth, particularly in regions experiencing explosive load increases. Utilities and regulators increasingly view natural gas as a bridge fuel that preserves grid stability while longer-term clean energy solutions mature. In regions experiencing explosive load growth, natural gas is often the cheapest and most practical option to deploy quickly. Subsequently, natural gas investment is likely to rise through 2026 to fulfill energy security and decarbonization pressures.

At the same time, nuclear and geothermal energy are gaining renewed attention as long-term sources of firm, clean power. Nuclear offers unmatched reliability and energy density, making it especially attractive for data centers that require uninterrupted baseload electricity. Small modular reactors (SMRs) are being developed and are increasingly viewed as a way to reduce costs, construction risk, and deployment timelines in nuclear. Geothermal energy, particularly enhanced geothermal systems, have not only advanced significantly in recent years with the expertise of the oil and gas industry, but

---

[1] Global Data Center Power Demand to Double by 2030 on AI Surge | S&P Global

[2] Global Energy Investment Set to Hit Record $3.3 Trillion in 2025 | Reuters

[3] For a fuller assessment of the 2026 EV predictions please read our U.S. Transportation Trends report

it also provides another source of constant, weather-independent power with a smaller land footprint. Both technologies align with the dual goals of reliability and decarbonization that are becoming central to energy planning.

Driven by technology mega-corporations, competition for access to reliable, clean energy is increasing. Big Tech's exponential demand and inter-sector competition has created the incentive to pursue or at least consider vertical integration by directly investing in or acquiring energy producers to fuel specific sites and operations. It can be expected that investment and policy support for nuclear and geothermal will likely reflect Big Tech's needs, as well as the broader recognition that a resilient energy future requires developing all viable energy sources. Thus, while all energy sources are important for meeting projected energy demands, there will be a significant emphasis on developing and storing multiple reliable, affordable energy sources.

Trend #2: Energy Investments Are Increasingly Guided by Capital Discipline and System Value, with Natural Gas and Nuclear Emerging as Essential "AI Support Fuels"

Energy investments are increasingly guided by capital discipline and system value, with natural gas and nuclear emerging as essential "AI support fuels." Global energy-transition spending exceeded $2.08 trillion in 2024, up 11% year-over-year and more than double the 2020 level.[4] Even with record spending, projects that increase capacity without addressing core system challenges, such as congestion and local reliability, remain undervalued by investors. Investment in nuclear energy is rising, with the IEA projecting global nuclear investment to rise to $70 billion by 2030[5], reflecting renewed interest in reliable, low-carbon capacity. Longer-term, financial institutions like Morgan Stanley see a much larger role for nuclear, with projections of up to $2.2 trillion in total investment across the nuclear value chain by 2050, driven by climate goals and the growing demand for continuous, dispatchable power to support AI workloads.[6] We anticipate some level of success related to permitting reform given the importance of nuclear power to the hyperscale economy.

The rise of generative AI is driving unprecedented growth in electricity demand, making reliable, dispatchable power sources such as natural gas, coal, and nuclear critical to supporting both industrial decarbonization and high-performance computing. Investor and market signals show this shift in real time. M&A valuations for existing natural gas power plants have doubled since 2024, with buyers paying record premiums for high-efficiency generation assets in competitive markets such as PJM and ERCOT, as data center–driven load growth reshapes valuation methodologies.[7] Natural gas continues to be viewed as a practical foundation due to its operational flexibility and ability to meet rising electricity needs quickly, while nuclear is attracting significant private capital and strategic interest because of its low-carbon, continuous, power profile.

This reliance on gas and nuclear, however, brings heightened scrutiny of methane management, carbon emissions, and regulatory compliance, shaping permitting, access to capital, and project design. Investors are increasingly demanding concise yet robust and trustworthy environmental performance alongside reliability, thereby influencing financing terms and project priorities. Looking ahead to 2026, capital discipline and system-oriented decision-making are likely to determine which energy transition projects succeed in the AI era, as investors prioritize assets that deliver measurable system value and reliable power alongside environmental outcomes.

[4] Global Investment in the Energy Transition Exceeded $2 Trillion for the First Time in 2024 | BloombergNEF
[5] Outlook For Nuclear Investment | IEA
[6] Nuclear Renaissance Gains Momentum | Morgan Stanley
[7] Natural Gas Power M&A Premiums Double as Data Center Demand and Capital Costs Transform U.S. Energy Market | Enverus

Trend #3: Private Investment Is Driving New Projects Surrounding AI, Data Centers, and Energy Infrastructure. Concurrently, Hybrid Deals Combining Technology Innovations and Energy Infrastructure Will Increase Throughout 2026

Private investment is driving new projects surrounding AI, data centers, and energy infrastructure. The rapid expansion of AI data centers is creating a far greater demand for power, and private capital is stepping in to fund the build-out of generation, storage, and transmission. Investors are not only backing data centers, but they are also putting money into the underlying energy infrastructure systems needed to support them as grid pressures rise and reliability becomes essential. Apollo estimates that nearly $3 trillion will be required to support AI infrastructure through 2028, with more than half expected to come from external capital and over $800 billion from private credit and asset-backed financing.[8] At the global level, private participation in infrastructure reached more than $100 billion in 2024, according to the World Bank, an increase from the prior year.[9] Data centers, energy storage, and EV charging infrastructure all saw sharp increases, and broader sectors such as energy and Information and Communication Technology (ICT) also reached record-breaking investment. This momentum is accelerating a shift toward hybrid deals in which a single investment might include a data center, behind-the-meter or batter storage, and a renewable power agreement. Major transactions, including the KKR Energy Capital partnership, BlackRock's acquisition of GIP, and most recently Brookfield's $20 billion AI infrastructure joint venture with Qatar[10], shows how quickly capital is moving into both digital and energy infrastructure.

As we move through 2026, this blended approach to technology and energy assets is expected to continue and expand. Private capital will increasingly target the full range of infrastructure needed to support AI growth, including grid upgrades, transmission capacity, reliable power generation and storage, as well as adjacent industries like cooling systems. We predict that hybrid investments that combine storage, renewable energy, or conventional energy solutions are likely to become more common, reflecting a broader trend in which private capital is not only funding AI technologies but also the physical infrastructure that enables and sustains them. As AI demand grows, these integrated, capital-intensive projects will remain a core focus for private investors globally.

Trend #4: Standards, Frameworks, & Data Will Morph and Meld, But Companies Will Get Sharper About What Actually Matters

The political pendulum has clearly swung away from "ESG as an enforcement mechanism." Trump's return, the rollback of several Biden-era climate rules, and the repeal of the Inflation Reduction Act methane fee all send a loud signal that Washington is no longer trying to tax or shame emissions out of existence.[11] Instead, this administration wants to broaden energy access without sacrificing affordability or the laws dictating capital discipline.

Yet just like we argued in last year's trends paper, the *term* "ESG" will die while the *need* for trustworthy, non-financial data still continues to grow. Investors still want hard numbers on carbon, water, safety, and supply-chain exposure because those metrics now live squarely within their risk-and-return models, not in a standalone "ESG" bucket. Companies that already invest in systems, staff, and governance around sustainability are not tearing it all out; they are quietly relabeling it as risk management, operational excellence, supply-chain administration, and cost control.

Unfortunately, the regulatory picture is getting messier, not cleaner. At the federal level, EPA pushed back the deadline for 2024 Greenhouse Gas Reporting Program (GHGRP) submissions to May 30, 2025, which effectively delays the next tranche of public data.[12] We still haven't seen anything on national GHG emissions for months, which is now going on two years. At

---

[8] Financing The Digital Infrastructure Surge | Apollo

[9] Private Participation in Infrastructure (PPI) Database | World Bank Group

[10] Brookfield and Qatar Launch $20 Billion AI Infrastructure Joint Venture | Reuters

[11] Congress Kills Biden Era Methane Fee on Oil, Gas Producers | Reuters

[12] Extending the Reporting Deadline Under the Greenhouse Gas Reporting Rule for 2024 Data | National Archives Federal Register

the same time, environmental and government-accountability groups are suing over the removal of climate and environmental-justice information from agency websites, arguing that the administration is deliberately shrinking the pool of publicly accessible environmental data.[13] The net result for operators and investors is a more sporadic, politicized flow of federal information.

As Washington recedes, states and academic institutions are happily filling the vacuum. We anticipate "blue states" to double down on emissions-related regulation and "red states" to cautiously hold back. Colorado and New Mexico now publish extremely granular emissions dashboards for oil and gas operations, complete with interactive tools that let the public drill into methane and CO_2 trends at the facility or basin level.[14] Both states are leaning heavily on satellite and airborne data (TROPOMI, aircraft campaigns, and other platforms) to reconcile inventories with real-world measurements, reinforcing that "official" federal numbers are not the only game in town.[15] That said, we have observed several clients operating in "red" states receive increased scrutiny from media and environmental NGOs on their respective emissions performance. The strength of such bite has not yet been determined, but it is certainly there.

Meanwhile, the global standards machine is grinding, though not necessarily in a collective manner. The Greenhouse Gas Protocol has kicked off a multi-year overhaul of its corporate suite, including big changes to Scope 2 guidance that could reshape how companies account for purchased power. The consultation process contemplates stricter geographic and temporal matching for emission factors and has become a battlefield for Big Tech, utilities, and NGOs over hourly versus annual accounting.[16] On methane, OGMP 2.0 is firmly established as the "measurement-first" gold standard, demanding asset-level, measurement-based reporting across operated and non-operated assets. Not surprisingly, a wave of new market entrants is trying to turn the EU Methane Regulation into something companies can actually operationalize; UT Austin's Center for Energy and Environmental Systems Analysis (CEESA), for example, has published an independent verification and reporting protocol that could become a de-facto playbook for exporters trying to show "reasonable assurance" on methane to European buyers.[17]

Additionally, the API GHG Compendium, last updated in 2021, remains the backbone methodology for many oil and gas inventories and continues to influence how data providers and software platforms are built; however, rumors indicate another update is looming. Layer in new guidelines like VCMI's Scope 3 Action Code, which explicitly connects value-chain emissions to the use of voluntary carbon markets, and you get a patchwork of partially overlapping standards rather than a cohesive directive.[18] Companies are reacting pragmatically. Instead of treating ESG as a separate reporting pillar, they are pushing sustainability into everyday operations, finance, and risk committees:

- Enterprise risk teams are mapping methane and power-price exposure right alongside commodity and counterparty risk.
- Planning groups are using OGMP-style measurement frameworks and API methodologies to build internal "house views" of emissions that are more robust than any single external rating.
- Investor-relations teams are repositioning sustainability as a source of margin expansion (lower fuel use, fewer leaks, fewer surprises) and regulatory durability, not moral virtue.

In short, anyone waiting for a new "one-true" framework will be stuck. Industry leaders will treat standards as a toolbox, keep investing in data that is decision-useful, and hardwire sustainability directly into operations and risk management so that it continues to pay off even if federal climate rules lurch from one direction to another.

---

[13] Sierra Club v. EPA | Public Citizen
[14] New Mexico Oil Conservation Division (OCD) Geospatial Hub | New Mexico EMNRD
[15] GHG Monitoring Projects, Reports, and Data | Colorado Department of Public Health & Environment
[16] Scope 2 Standard Advances: ISB Approves Consultation on Market- and Location-Based Revisions | GHG Protocol
[17] European Union Methane Regulation: Verification & Reporting Protocol | University of Texas at Austin EEMDL
[18] Scope 3 Action Code of Practice | VCMI

Trend #5: Industrial Policy and AI Rewrite the Permitting Debate

For years, permitting debates were framed as climate goals versus local impacts: large solar arrays versus working farmland, LNG export terminals versus coastal ecosystems. Industrial policy and AI are rewriting that story as we head into 2026. America's AI Action Plan[19] and its companion AI.gov summary[20] cast AI as an economic-and-military race, organized around the three pillars of innovation, infrastructure, and international security. The document calls for dismantling unnecessary regulatory barriers that slow private-sector deployment.

The follow-through on this roadmap has been swift. A July 2025 executive order named "Accelerating Federal Permitting of Data Center Infrastructure[21]," creates a fast lane for AI-centric data centers above 100 MW and explicitly ties permitting to the infrastructure pillar of the AI Action Plan. In a shift toward federally coordinated, defense-aligned, energy-integrated deployment, this moves hyperscale data centers out of the commercial real estate bucket and into the realm of national infrastructure strategy.

Congressional staff are using the same language. A February 2025 CRS In Focus brief on data centers and cloud computing[22] frames data centers and cloud infrastructure as strategic assets with direct implications for U.S. economic competitiveness, national security, and energy demand. Data centers, grid upgrades, and domestic energy supply are increasingly discussed in the same breath as semiconductor fabs and rare-earth facilities. These are the things the U.S. will build at home because it wants to remain the hub of the AI economy.

This reframing makes permitting politics much easier for certain projects. Winning community and legislative support for building the infrastructure that powers AI and enhances national resilience is simply easier than selling abstract climate targets whose benefits are global, diffuse, and decades away. When the pitch is "this facility keeps your state in the AI race, hardens the grid against outages, and brings high-paying jobs," local opponents find themselves arguing not just against a substation or 345-kV line, but against national security and economic relevance.

That does not mean opposition disappears, however. It just shifts posture. For example, more than 230 environmental and community groups are now demanding a nationwide pause on new data centers in a campaign that ties data-center build-out to rising power prices, water stress, and localized pollution.[23] State and local lawmakers are increasingly caught between national security and jobs narratives on one hand and ratepayer, water, and land use concerns on the other. The permitting process remains a maze of federal, state, and local approvals; the difference is that AI-branded projects now have a clearer political story and a suite of federal policies designed to push them through that maze faster.

For companies and investors, this shift will mean it is easier to win support for AI and resilience projects than for ill-defined climate goals. As with many campaigns, whoever can match the best narrative to the most trusted data is most likely to prevail. Political risk is moving from a yes-or-no question about building to a tougher test of whether new infrastructure can come online without spiking bills, stressing water systems, or alienating communities.

Trend #6: NGO Watchdogs & Industry Advocates Weaponize Data & Culture on Two Fronts

With Trump back in the White House and Congress enthusiastically unwinding Biden-era climate rules—from methane fees to leasing restrictions—environmental groups are shifting tactics.[24] Instead of focusing primarily on shareholder proxy fights, they are leaning hard into the courts and the press. A wave of lawsuits now challenges everything from EPA's pauses

---

[19] Winning the Race, America's AI Action Plan | The White House
[20] America's AI GOV | President Donald J. Trump
[21] Accelerating Federal Permitting of Data Center Infrastructure | The White House
[22] Data Centers and Cloud Computing: Information Technology Infrastructure for AI | Library of Congress
[23] National Data Center Moratorium
[24] US Will No Longer Require Green Analysis on Thousands of Oil, Gas Leases | Reuters

and delays on methane rules to the quiet removal of climate and environmental-justice content from federal websites.[25] At the same time, the U.S. Supreme Court and multiple state high courts have cleared the way for climate liability suits against oil and gas companies to proceed, emboldening litigators and local governments alike.[26]

Groups like RMI, Sierra Club, and their allies are increasingly data-driven in their campaigns. For example, Santa Fe-based WildEarth Guardians published reports in 2025 called "Oil & Gas Waste Watch" which compile dozens to hundreds of spills per quarter, using state records to argue that operators are chronically under-managing waste and leaks.[27] Colorado's TROPOMI-based methane research and New Mexico's multi-satellite assessment of Permian methane intensity are already being woven into advocacy narratives that contrast states' performance and pressure laggards. As more state and academic satellite work moves from pilot reports into recurring time series, we expect NGOs to mine that data relentlessly, turning what used to be obscure scientific outputs into headline-ready graphics and lawsuit exhibits.

This escalation is not just about methane rules. Environmental coalitions are also suing over the broader deregulatory strategy, arguing that secretive climate "working groups," cut-rate NEPA analyses, and record-scrubbing violate federal transparency laws and long-standing environmental statutes.[28] Companies may get relief on some formal regulations, but potential to face a parallel legal war over process, disclosure, and alleged deception will keep operators alert and proactive.

On the other side of the chessboard, the industry is investing in a very different kind of advocacy—one aimed at culture and talent. The *Landman* series on Paramount+ has evolved from a niche drama into a breakout hit, with a highly anticipated second season that premiered on November 16, 2025. Spoiler alert: a third season is already confirmed after record viewership![29] The show glamorizes (and occasionally critiques) the world of West Texas oil, putting roughnecks, deal-makers, and midstream struggles in front of millions of younger viewers who might otherwise only hear about oil and gas from climate protests.

Trade groups and universities are reinforcing a constructive all-of-the-above Energy narrative with more targeted outreach. The American Exploration and Production Council (AXPC) has doubled down on "Energy Fundamentals" slide decks, studies, and social media outreach that paint U.S. oil and gas as both indispensable and increasingly sustainable.[30] The Hamm Institute for American Energy at Oklahoma State University markets itself as a premier hub for future energy leaders, funded by major industry donors and explicitly focused on energy security and innovation in the age of AI.[31] GPA Midstream's "Let's Clear the Air" and other podcasts pull students and early-career engineers into long-form conversations about pragmatic climate policy, midstream careers, and the importance of reliable infrastructure.[32]

Universities are also emerging as key venues for influence. Arizona State University's new Global Institute for the Future of Energy, backed by a $50 million gift from EnCap co-founder Bob Zorich, is explicitly designed to shape research and teaching on global energy systems.[33] Louisiana State University's Energy Institute, catalyzed by a roughly $25 million founding investment from Shell, similarly aims to integrate geology, policy, and engineering while deepening ties between industry and academia.[34] These investments ensure that tomorrow's engineers, economists, and policymakers are educated in environments where fossil fuels are not presented as villains, but as central players in any realistic energy expansion.

---

[25] Enviros Sue Over Trump Pause on Methane Clampdown | E&E News
[26] Colorado Top Court Allows Boulder to Sue Exxon, Suncor Over Climate Change | Reuters
[27] Oil & Gas Waste Watch Reports | WildEarth Guardians
[28] Court Orders Trump Administration to Release Records of Secret Group That Wrote Report Attacking Climate Science | EDF
[29] 'Landman' Returning for Season 3: All the Details | TVInsider
[30] American Exploration & Production Council | AXPC
[31] Hamm Institute for American Energy | Hamm Institute Oklahoma State University
[32] Let's Clear the Air | Let's Clear the Air
[33] ASU Announces New Global Institute for the Future of Energy | ASU
[34] Integration for Impact: LSU Launches Energy Institute | LSU

NGOs and industry are both escalating, but in different arenas. One side is weaponizing lawsuits and data transparency; the other is weaponizing culture, education, and career pathways. Companies that ignore either front, legal or talent, will be playing defense for most of the next cycle.

Trend #7: Legacy "ESG" Continues to Be Reframed as Best Practices, While Innovation Shapes the Market's Direction, and Corporations' Approach to Sustainability with Pragmatic Feasibility

Rightfully so, legacy ESG is being reframed as companies focus on practical capabilities and adopt sustainability practices that are feasible and value accretive, rather than theoretical. The broader sustainability reset will continue into 2026 as corporations move toward implementing measures that reflect operational reality. Regulatory signals, particularly at a state level, remain mixed and often contradictory. California's Senate Bill 253 is still moving forward, while Senate Bill 261 is paused. The big challenge with Senate Bill 253 is that companies must consolidate emissions and energy data across multiple facilities and suppliers. Scope 3 reporting is particularly complex, often requiring estimates from vendors who may not consistently track the data. Senate Bill 261 also presents challenges, as the pause in implementation creates uncertainty and complicates planning and investment.

Another example of legislation on pause is Europe's Corporate Sustainability Reporting Directive (CSRD), which has been delayed. The CSRD significantly expands sustainability reporting by requiring companies to disclose comprehensive ESG information across financial and non-financial fields. Combined with requirements for data quality and assurance, and the need to handle hundreds of data points in scope, this creates significant complexity and resource intensity for companies. The scope and timeline make compliance extremely difficult. Our team believes there is a real possibility that it may never be fully implemented. We think that companies should continue to focus on feasible and practical reporting driven by investor expectations, market pressures, and regulatory obligations.

In 2025, we also saw several other notable sustainability-related regulations rolled back or delayed, reflecting ongoing feasibility challenges and industry pushbacks. Agencies such as the EPA and SEC continue to evaluate their approaches to climate-related reporting, leaving companies with ongoing uncertainty about compliance expectations and the timing of new requirements. Likewise, in Canada, emissions rules are being revised, particularly for energy producers in Alberta, where regulatory adjustments aim to balance environmental goals with operational and economic realities.

This reinforces our broader view that the United States should not adopt European environmental disclosure frameworks that do not align with domestic economic priorities. Even as the policy environment remains unsettled and inconsistent, investor expectations continue to tighten. Global lenders, asset managers, and large corporate buyers are pressing for credible decarbonization plans that align with market principles, deliver disciplined returns, and trustworthy data that provides a better means of assessing long-term risk. In this environment, corporate best practices and ongoing innovation are more likely to define the direction of sustainability efforts than any single regulatory regime. As we look to 2026, legacy ESG will continue to be reframed as "best practices", and innovation will shape the market's direction and corporations' approach to sustainability with pragmatic feasibility.

Trend #8: Tensions and the Social License Will Heat Up Between Local Communities And AI/Data Centers Over Access and Affordability of Natural Resources

While instances are already popping up across the country, tensions between local communities and AI-driven data center developers are likely to intensify as the physical footprint of digital infrastructure becomes more visible and consequential. Over the last three consecutive years, global investment in AI and associated infrastructure has reached record highs, being driven by the U.S. and today's Big Tech Giants: Amazon, Meta, Google, Microsoft, Oracle, OpenAI, SoftBank, and other large technology companies. In 2024, corporate AI investment alone hit $252.3 billion, with private investment climbing 44.5% Y-o-Y, and M&A increasing by 12.1%.[35]

While $252.3 billion may seem significant, it doesn't compare to 2025 in which 2024's total capital deployment in data center construction only reached 10% of 2025's AI investment from just the top four Big Tech Giants.[36] For more Big Tech-specific investment contributions, Meta increased their capital expenditure to ~$70 billion, Alphabet planned to spend $85 billion, Google allocated $75 billion toward cloud infrastructure, and Amazon invested ~$100 billion toward expanding its hyperscale data centers[37] [38], all of which overwhelm local resources by demanding significant energy, electricity, critical minerals used for power infrastructure, water, and land. As AI models and workloads expand, the scale and concentration of new facilities amplify concerns about fairness and long-term community benefit.

Electricity affordability is gaining the most traction amongst the various issues driving social friction. Data centers require massive, continuous power supplies, often prompting utilities to invest in new generation and transmission infrastructure. AI and their associated data centers use the power equivalent to tens of millions of U.S. homes, with demand projections expecting it to triple by 2028 – reaching ~12% of total U.S. electricity at ~580 TWh.[39] Such increases in demand, spread infrastructure costs, and a lack of grid reliability across the U.S., create raised electricity costs for average Americans. So far, electricity price increases have outpaced the cost of living by 100% in the last year, and one in six American households already have trouble paying their current electricity bills.[40] This issue is bound to become more contentious and develop into a political hot-button on rate structures, cost allocations, grid expansion, and broader energy policy matters.

Water will also become a source of conflict between developers and communities, especially in regions experiencing water scarcity and weather-related stressors such as drought. Many data centers rely on significant quantities of water to cool their technology systems, placing them in direct competition with agriculture, municipal, and ecological needs. Just as data centers consume energy, the average facility can consume up to ~110 million gallons of water annually for cooling, with larger hyperscale data centers having the potential to consume billions of gallons annually. A study by the Environmental and Energy Studies Institute (EESI) estimates that for the 5,426 data centers in the U.S., this amounts to ~500 million gallons of water per day and around 164 billion gallons per year.[41]

Communities are increasingly sensitive to large industrial users drawing from shared water suppliers, without adequate transparency or consideration for the community's interests. Local opposition can easily derail and delay projects, signaling a shift in how water rights and usage are politically negotiated. Just as the energy sector has been pressured on increased awareness and quantitative data surrounding water management, this now applies to AI and data centers as well, with the industry's water intensity becoming publicly aware. Thus, water stewardship is fundamental to whether data centers and developers hold their social license to operate in local communities.

Land use and local economic trade-offs further complicate the relationship between communities and data center developers. Not only have AI and data centers created a modern-day land rush to secure as much land as possible at the lowest price possible, but their large facilities (with potential to take up millions of square feet[42]) also displace agricultural land, alter property values, and strain local infrastructure while providing relatively few permanent jobs. Residents may question whether the promised economic benefits justify the long-term opportunity cost and effect on the community as a whole.

---

[35] Global Private AI Investment Hits Record High With 26% Growth | Stanford University HAI
[36] Big Tech Has Spent %155bn on AI This Year | The Guardian
[37] Big Tech Has Spent %155bn on AI This Year | The Guardian
[38] 5 Largest Data Center Construction Projects In 2025 | Property Manager Insider
[39] DOE Releases New Report Evaluating Increase in Electricity Demand from Data Centers | U.S. Department of Energy (DOE)
[40] Electricity Prices Are Climbing More Than Twice as Fast as Inflation | NPR
[41] Data Centers and Water Consumption | Environmental and Energy Study Institute (EESI)
[42] Fermi America and Texas Tech Plan World's Largest AI Data Center Campus | Converge Network Digest

Zoning disputes, permitting challenges, and community referenda are becoming more common as local governments respond to constituent concerns reflecting the broader reevaluation of who benefits from the digital economy and at what cost. With communities bearing much of the cost and accessibility burden associated with local natural resources like electricity, water, and land, it is likely we will see increased escalation and pushback from communities against Big Tech's AI and data center growth and development. We predict that community acceptance, adequate transparency, and resource management will be critical factors in shaping where and how AI infrastructure and data centers are built in 2026.

Trend #9: Interconnection Queues Become the New Regulatory Albatross

The era of cheap, "instant" interconnection has ended. As of the beginning of 2026, interconnection queues are a significant balance-sheet risk for leadership teams, capable of damaging IRRs, causing revenue delays, and leaving capital stranded. What was once considered an engineering triviality has become a growth barrier due to complacency, misaligned incentives, and procedural delays. While many discuss "electrification," few can clarify how a project justifies its connection rights.

The facts are clear: Berkeley Lab and other sources report that only about 19% of projects entering U.S. interconnection queues from 2000 to 2018 ultimately reached commercial operation. The median duration for these projects is around five years from the initial request.[43] In PJM, even after reforms, large clusters take between 240-450 days to exit the interconnection queue without considering the additional waiting time required for network upgrades to be executed. Total queue durations require multiple application periods and can last up to 1.75 years.[44] MISO's queue backlog is so significant that stakeholders have discussed halting new entries in 2025 to prioritize clearing the classes from 2021 and 2022.[45]

Interconnection is merely the initial bottleneck. Limitations in transformers, high-voltage equipment, and skilled labor add soft costs and jeopardize schedule certainty—especially as AI demand and electrification accelerate. The key question shifts from "Can we finance it?" to "Can we connect it on time, within budget, and reliably?" China's swift construction pace underscores its strategic significance, with approximately ten new nuclear reactors anticipated to be operational in 2025.[46]

Trend #10: Carbon Credits Grow Up – From Cheap Absolution to Strategic Procurement

The voluntary carbon market is experiencing a credibility reset, and its significance for capital markets is growing. Carbon credits are shifting from merely reputational ESG tools to structured financial instruments that can turn actual decarbonization efforts into measurable, comparable, and investable results. In effect, high-integrity credits serve as a link between the pace of technological advancement and the pace of raising capital.

Capital markets already factor in climate-related transition risks through insurance premiums, permitting delays, debt costs, customer procurement standards, and regulatory risks. However, most sectors cannot immediately eliminate emissions cost-effectively. Issues such as grid congestion, long-cycle industrial assets, and process emissions lead to a timing mismatch: decarbonization is unavoidable but will take time. Carbon credits and removal technologies that are tied to measurable physical results help bridge this gap by funding mitigation and removal efforts now, even as long-term infrastructure catches up.

---

[43] Queued Up: 2025 Edition | Lawrence Berkeley National Laboratory
[44] PJM Interconnection Study Process Update
[45] Stakeholders Ask MISO To Pause '25 Queue to Get a Handle on 4-Year Backlog
[46] China Approves 10 New Nuclear Reactors to Accelerate Energy Transition | Beijing Post

The market is increasingly focusing on “bankable tons.' These include methane abatement, durable carbon dioxide removal (CDR), and credits tied to infrastructure projects such as plugging orphan wells, improving industrial efficiency, and upgrading grids. These credits appeal to institutional buyers and lenders because they resemble project financing, featuring clear baselines, conservative quantification, third-party verification, continuous monitoring, and contractual remedies. When credits are deemed financeable, they open new sources of capital for decarbonization efforts, complementing rather than competing with traditional capital expenditures.

The impact on capital markets is substantial. Credible credits help lower enterprise risk by providing a transparent, disciplined way to manage residual emissions, meet procurement needs, and de-risk transition strategies. They also generate investable cash flows that attract infrastructure investments, private credit, and securitization structures, thereby accelerating climate solutions beyond public spending. By 2026, the key issue is no longer whether carbon credits are effective but whether the market can establish sufficient integrity and transparency for credits to serve as reliable, priced risk-transfer and financing tools in mainstream capital allocation.